



Arnold Schwarzenegger  
Governor

October 12, 2010  
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Ms. Gloria Bratton-Moore, Executive Director  
Community Career Development  
3550 Wilshire Blvd. Suite 500  
Los Angeles, CA 90010

Dear Ms. Bratton-Moore:

WORKFORCE INVESTMENT ACT  
VETERAN'S EMPLOYMENT-RELATED ASSISTANCE PROGRAM  
15-PERCENT ADULT PROJECT  
25-PERCENT DISLOCATED WORKER PROJECT  
FINAL MONITORING REPORT  
PROGRAM YEAR 2009-10

This is to inform you of the results of our review for Program Year (PY) 2009-10 of the Community Career Development's (CCD) administration of its Workforce Investment Act (WIA) Veteran's Employment-Related Assistance Program (VEAP) Projects. Ms. Ann Brito, Ms. Alice Cedillo and Ms. Cynthia Parsell conducted this review from March 22, 2010 through March 26, 2010. For the program operations portion of the review, we focused primarily on the areas of program administration, participant eligibility, WIA activities, monitoring, if applicable, and management information system/reporting. For the financial management portion of the review, we focused primarily on the areas of accounting systems, expenditures, allowable costs, cost allocation, reporting, cost pools, indirect costs, cash management, internal controls, program and interest income, single audit, if applicable, and property management. For the procurement portion of the review, we focused on procurement competition, cost and price analyses, and contract provisions.

We conducted our review under the authority of Sections 667.400(c) and 667.410(b) (1)(2)(3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by CCD with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations, financial management and procurement.

We collected the information for this report through interviews with CCD representatives and WIA participants. In addition, this report includes the results of our review of sampled case files for participants enrolled in the WIA VEAP Projects; a review of

CCD's response to Sections I and II of the Program On-Site Monitoring Guide; applicable policies and procedures; and a review of documentation retained by CCD for a sample of expenditures and procurements.

We received your response to our draft report on August 30, 2010, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed finding 6 cited in the draft report, no further action is required and we consider the issue resolved.

Additionally, because your response adequately addressed findings 4, 7 and 8 cited in the draft report, no further action is required at this time. However, these issues will remain open until we verify the implementation of your stated corrective action plan during a future on-site review. Until then, these findings are assigned Corrective Action Tracking System (CATS) numbers 10130, 10133, and 10134, respectively.

Finally, because your response did not adequately address findings 1, 2, 3, and 5 cited in the draft report, we consider these findings unresolved. We have requested that CCD provide the Compliance Review Office (CRO) with additional information to resolve the issues that led to these findings. Therefore, these findings will remain open and have been assigned CATS number 10127, 10128, 10129, and 10131, respectively.

### **BACKGROUND**

The CCD was awarded \$250,000 in 15-Percent funds to serve 40 adult participants, and \$250,000 in 25-Percent funds to serve 40 dislocated worker (DW) participants from December 1, 2008 through June 30, 2010.

For the period ending January 2010, CCD reported that it spent \$211,476 of its 15-Percent funds to enroll 72 adult participants and spent \$218,907 of its 25-Percent funds to enroll 37 DW participants. We reviewed 18 of 72 case files for the 15-Percent adult participants and 12 of 37 case files for the 25-Percent DW participants enrolled in the WIA VEAP Projects as of March 22, 2010.

### **PROGRAM REVIEW RESULTS**

While we concluded that, overall, CCD is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: Job Training Automation (JTA) system reporting, eligibility, and supportive services. The findings that we identified in these areas, our recommendations, and CCD's proposed resolution of the findings are specified below.

**FINDING 1**

**Requirement:** 20 CFR 667.300 (a) states, in part, grant recipients must report participant data in accordance with the time period specified in the reporting instructions.

WIA Directive (WIAD) 02-14 states, in part, the state's JTA system allows programs to report client contact information for four quarters after exit to support client tracking. A follow-up contact is a check to determine a participant's employment and educational status after exiting the WIA program.

Workforce Services Directive (WSD) 09-8 states, in part, that all recipients of WIA funds will submit client data via the JTA system, complying with the specifications for each data field.

**Observation:** We observed that 22 of 30 participant case files indicated follow-up activities performed after exit. However, we did not observe the follow-up activity reported in the JTA system.

**Recommendation:** We recommended that CCD input the follow-up activity into the JTA system and provide CRO with participant rosters which indicate the follow-up dates in the JTA system. In addition, we recommended that CCD provide CRO a corrective action plan (CAP) indicating how it will ensure, in the future, that follow-up activities are input into the JTA system.

**CCD Response:** The CCD entered follow-up activity for the 22 participants into the JTA system and attached a participant roster indicating the dates of follow-up. It also provided a CAP describing how it will ensure timely input into the system on a regular basis.

**State Conclusion:** Based on CCD's response, we cannot resolve the issue at this time. The CCD provided a spreadsheet of participant information and follow-up dates, but did not provide a JTA participant roster. As a result, this portion of the finding will remain open until a JTA participant roster is provided to CRO showing that the follow-up activities had been input into the JTA system.

The CCD's stated corrective action should be sufficient to resolve the portion of this issue as it relates to reporting future follow-up activity into JTA system. However, we cannot resolve this portion of the finding until we verify CCD's implementation of its stated

corrective action during a future on-site visit. Until then, this issue remains open and has been assigned CATS number 10127.

## **FINDING 2**

### **Requirement:**

20 CFR 663.105 states, in part, that registration is the process of collecting information to support a determination of eligibility. Adults and dislocated workers who receive services funded under Title I other than self-service or informational activities must be determined eligible and registered.

WIAD02-14 states, in part, there are no additional adult eligibility requirements unless special groups are to be targeted. The eligibility criteria for these special groups will be spelled out in the project narrative of the subgrant agreement.

Subgrant agreement # R972977 exhibit A, indicates that your target group is veterans and that orientation sessions are used to determine veteran program eligibility and complete WIA documentation.

### **Observation:**

We observed 1 of 30 participant case files did not have any documentation to verify veteran eligibility for the VEAP project.

### **Recommendation:**

We recommended that CCD obtain veteran eligibility documentation and provide a copy to CRO.

### **CCD Response:**

The CCD stated it was unable to obtain the missing eligibility documentation to complete the case file of the participant. The CCD attempted to contact the client via telephone on numerous occasions, and also by US certified mail.

### **State Conclusion:**

Based on CCD's response, we cannot resolve this issue at this time. We provided CCD a participant summary with the issue noted for this participant. In CCD's response to the draft monitoring report, CCD provided us feedback on a different participant other than the one who we specified lacked veteran eligibility documentation.

If CCD cannot provide the veteran eligibility documentation for the participant at issue, then we recommend that CCD provide documentation to CRO to show that the participant has been removed from the VEAP Projects, and that all costs associated with this participant have been backed out of the WIA account.

and charged to a non-federal funding source. Until then, this issue remains open and has been assigned CATS number 10128.

### **FINDING 3**

**Requirement:** 20 CFR 663.800 states, in part, supportive services for adults and dislocated workers include services such as transportation, child care, and housing. Needs-related payments may be necessary for an individual to participate in Title I activities.

The Office of Management and Budget (OMB) Circular A-122 Attachment A (2)(g) states, that to be allowable under an award costs must be reasonable for the performance of the award, and adequately documented.

**Observation:** We observed two case files contained copies of gift cards that were provided to participants to purchase uniforms. The uniforms were properly authorized as supportive services, and were necessary for the participant to be placed in employment. However, we did not observe supporting documentation that uniforms were purchased with the gift cards.

**Recommendation:** We recommended that CCD provide CRO with a CAP to ensure that, in the future, documentation is maintained for items purchased for supportive services. In addition, we recommended that CCD provide supporting documentation that the intended items were purchased with the gift cards.

**CCD Response:** The CCD created a CAP with procedures for staff to follow to ensure supportive services are adequately documented. The participant has five business days from the receipt of the gift card to return with a receipt for the purchased item(s).

**State Conclusion:** The CCD's stated corrective action should be sufficient to resolve the portion of this issue as it relates to the CAP to ensure future supportive services are adequately documented. However, we cannot close this issue until we verify, during a future on-site visit, CCD's successful implementation of its stated corrective action.

However, based on CCD's response, we cannot resolve the issue of the gift cards at this time. The CCD did not provide supporting documentation that the intended items (uniforms) were purchased with the gift cards.

If CCD cannot obtain the supporting documentation to verify the purchase of the uniforms with the gift cards, then we recommend that CCD provide CRO with documentation to show that all costs associated with this purchase have been backed out of the WIA account and charged to a non-federal funding source. Until then, this issue remains open and has been assigned CATS number 10129.

#### **FINANCIAL MANAGEMENT REVIEW RESULTS**

While we concluded that, overall, CCD is meeting applicable WIA requirements concerning financial management, we noted instances of noncompliance in the areas of duplicate payments and supporting documentation. The findings that we identified in these areas, our recommendations, and CCD's proposed resolution of the findings are specified below.

#### **FINDING 4**

**Requirement:** 29 CFR 95.21 (b) (3) states, effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.

OMB Circular A-122 Attachment A states, in part, that a cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received.

**Observation:** We observed an invoice for East San Gabriel Valley Regional Occupational Program (ESGVROP) for the expenses of fees and equipment rental. The Memorandum of Understanding (MOU) states ESGVROP will be paid \$22,500 for each security class. The MOU specifies fees, equipment rental, ammo, and salaries that are inclusive of each security class. The billings for security class 1 (March 23 - April 15, 2009) are summarized below:

Invoice A-0900217 Dated 3/30/2009 Paid \$7,854 4/7/2009  
Invoice A-0900239 Dated 5/5/2009 Paid \$22,500 7/22/2009

We did not observe a reduction in the security class charge of \$22,500 for the inclusive fees which were previously paid. It appears that a duplicate payment was made.

**Recommendation:** We recommended that CCD provide documentation to the CRO to specify which fees and equipment rental were included in the invoice and compare these specific charges to the MOU. We recommended that CCD retract any duplicative payments that were made. In addition, we recommended that CCD provide CRO with a CAP explaining how, in the future, it will review its contract billings and compare the billings to the contract payment terms.

**CCD Response:** The CCD reviewed its MOU for contracted services and the invoice for \$7,854 for CPR/First Aid training, and retracted the duplicative payment from the WIA account. The CCD provided a CAP to ensure that the services for which the subcontractor requests payment are itemized and within the subcontractor's scope of work.

**State Conclusion:** The CCD's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future on-site visit, the CCD's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 10130.

#### FINDING 5

**Requirement:** 29 CFR 95.21(b)(7) states, in part, that a recipient's financial management systems shall provide accounting records supported by source documentation.

OMB Circular A-122 Attachment A states, in part, that a cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received.

**Observation:** We observed an invoice from Office Depot where CCD had purchased 40 computer chairs for \$2,121.70. The Veterans program was charged \$1,229.00. There were three programs listed on purchase order: WIA, VEAP, and Security. We did not see the method of allocation for the \$1,229.00 charge.

We also observed that 39 monthly bus passes were purchased. The VEAP Project was charged \$992 for 16 monthly passes at a cost of \$62 per pass. We reviewed 13 Request for Supportive Services, and noted that 11 received a monthly pass ( $11 \times \$62 = \$682$ ) and 2 received a \$17 per week pass ( $2 \times \$17 = \$34$ ). Based on its calculation, only \$716 should have been charged.

(\$682 + \$34 = \$716) to the VEAP Project. It appears that CCD overcharged the VEAP Project \$276 (\$992 - \$716 = \$276).

**Recommendation:** We recommended that CCD provide CRO with documentation to support the charges to the VEAP Project or provide documentation that the amounts have been removed from the VEAP Project and charged to a non-federal funding source.

**CCD Response:** The CCD removed the overcharge of \$276 for the purchase of bus passes from the VEAP project and provided their general ledger showing that the charge of \$276 was reallocated to a non-federal funding source (corporate fund).

**State Conclusion:** Based on the CCD's response, we cannot resolve this issue at this time. Although CCD removed the overcharge of \$276 for the purchase of bus passes from the VEAP Project and charged the amount to a non-federal funding source, CCD did not address the charge to the VEAP Project made at Office Depot for \$1,229.

We recommend that CCD provide CRO with documentation to support the charges to the VEAP Project, or provide documentation that the amounts have been removed from the VEAP Project and charged to a non-federal funding source. Until then, this issue remains open and has been assigned CATS number 10131.

## **PROCUREMENT REVIEW RESULTS**

While we concluded that, overall, CCD is meeting applicable WIA requirements concerning procurement, we noted instances of noncompliance in the following areas: procurement policies and procedures, cost or price analysis, and contract provisions. The findings that we identified in these areas, our recommendations, and CCD's proposed resolution of the findings are specified below.

### **FINDING 6**

**Requirement:** 29 CFR 95.41-47 states in part, that subgrantees must have written procurement policy and procedures that include, but are not limited to the following:

- Process to resolve disputes, claims and protests.
- Code of Conduct for employees.
- Process to avoid purchasing unnecessary items.
- Analysis of lease vs. purchase agreement.



- Selection procedures for different types of procurement transactions.
- Different types of procurement and detailed procedures to be followed for each.
- Requirements for price or cost analysis.
- Conditions where sole source procurement may occur.

**Observation:** We observed that CCD does not have procurement policies and procedures to address the major types of procurement, and a system to carry out the requirements for each type of procurement. Instead, CCD maintains a chart that addresses small purchase requirements and instances in which a Request-for-Proposal or a Request-for-Qualification is used. The chart addresses the requirements for a price or cost analysis, but does not address the remaining requirements.

**Recommendation:** We recommended that CCD develop procurement policy and procedures consistent with the above requirements that are identified in Sections 95.41 to 95.47 of Title 29 of the CFR, and provide a copy to CRO.

**CCD Response:** The CCD provided a copy of the procurement policies and procedures consistent with the requirements identified in the applicable CFR.

**State Conclusion:** We consider this finding resolved.

#### FINDING 7

**Requirement:** 29 CFR 95.45 states, in part that some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices and similar indicia, together with discounts.

WIAD00-2 states, in part, subrecipients must have written procedures that include requirements for a price or cost analysis. Documentation for small purchases must include a sales receipt, current catalogs with price lists, or formal quotes depending on the amount of the purchase.

**Observation:** We found that CCD did not conduct a cost or price analysis for the purchase of computer chairs at Office Depot in the amount of \$2,121.70.

**Recommendation:** We recommended that CCD provide a CAP to CRO indicating how it will ensure that, in the future, a cost or price analysis is performed for every procurement action.

**CCD Response:** The CCD provided a CAP indicating how it will ensure the implementation and documentation of a cost or price analysis for every procurement action.

**State Conclusion:** The CCD's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future on-site visit, the CCD's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 10133.

#### **FINDING 8**

**Requirement:** 20 CFR 667.200(d) states, in part, that all WIA grant recipients and subrecipients must comply with government-wide requirements for debarment and suspension, and the government-wide requirements for a drug-free workplace.

20 CFR 667.200(e) states, in part, that all WIA grant recipients and subrecipients must comply with the restrictions on lobbying.

29 CFR 95.48 Appendix A states, in part, that all contracts awarded by a recipient shall contain the following required provisions as applicable:

- Compliance with Executive Order (E.O.) 11246, "Equal Employment Opportunity," as amended by E.O. 11375 and 41 CFR part 60 "Equal Employment Opportunity."
- No contract shall be made to parties listed on the General Services Administration's List of Parties Excluded from Federal Procurement or Nonprocurement Programs in accordance with E.O.'s 12549 and 12689, "Debarment and Suspension."

- Observation:** We reviewed three contracts with ESGVROP, Los Angeles Valley College, and California Career School. We found that the contracts lacked the necessary provisions regarding debarment and suspension, drug-free workplace, lobbying, and equal employment opportunity, as described above.
- Recommendation:** We recommended that CCD provide CRO with a CAP indicating how it will ensure that, in the future, contracts will include all the required contract provisions identified above.
- CCD Response:** The CCD provided a CAP to ensure that future contracts will include all the required contract provisions. Specifically, CCD will designate a Contracts Compliance Officer to review all contracts and subcontracts before they are finalized and sent out to make sure that each document contains the necessary provisions and exhibits. In addition, CCD revised its subcontract agreements to incorporate the necessary provisions and awaits the signed, executed copies from the subcontractors.
- State Conclusion:** The CCD's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future on-site visit, CCD's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 10134.

We provide you up to 20 working days after receipt of this report to submit to the Compliance Review Office your response to this report. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than November 9, 2010. If we do not receive a response by this date, we will release this report as the final report. Please submit your response to the following address:

Compliance Monitoring Section  
Compliance Review Office  
722 Capitol Mall, MIC 22  
P.O. Box 826880  
Sacramento, CA 94280-0001

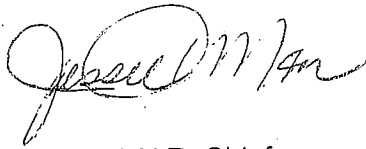
In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-7756.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. As you know, it is CCD's responsibility to ensure that its systems, programs, and related activities comply with the WIA-related federal regulations, and applicable state

directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain CCD's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Cynthia Parsell at (916) 654-1292.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jessie Mar", is written over a horizontal line.

JESSIE MAR, Chief  
Compliance Monitoring Section  
Compliance Review Office

cc: Wil Bratcher, Board of Directors Chair  
David Davis, MIC 50  
Ann Luu, MIC 50